



F.No. IFSCA-RPRA0EFD/8/2024-RPRA

Date: May 02,2025

**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)**

**ORDER**

**Order under Regulation 143 of the IFSCA (Fund Management) Regulations, 2022 read with Section 12 and Section 13 of International Financial Services Centres Authority Act, 2019 read with Section 11B of the SEBI Act, 1992**

Name of the Noticee	PAN
Neo Asset Management Private Limited	AAHCN9328A

**BACKGROUND**

1. M/s NEO Asset Management Private Limited (IFSC Branch), (hereinafter referred to as the IFSC Branch of the Noticee) was provided registration as a Fund Management Entity, under Registered FME(Non-Retail) category, by the International Financial Services Centres Authority under IFSCA (Fund Management) Regulations, 2022 bearing registration number IFSCA/FME/II/2023-24/084 on November 22, 2023.

2. IFSCA carries out Market Intelligence (MI) or surprise visits to operational Fund Management Entities (FMEs) in GIFT IFSC to check the status of regulatory compliance of the operational FMEs in GIFT IFSC, particularly with respect to the physical presence of manpower at the offices of operational FMEs in GIFT IFSC. One such exercise was carried out by IFSCA during the period from July to October 2024 for Fund Management Entities including the IFSC Branch of the Noticee.

**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY**

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### **FACTS OF THE CASE**

3. In the surprise visits conducted by IFSCA on July 31, 2024, and August 21, 2024, the IFSC Branch of the Noticee was found to have absence of Principal Officer and Key Management Personnel on both the occasions.

4. The IFSC Branch of the Noticee was issued an Advisory Letter No. *IFSCA-IF-10RA/11/2024-Capital Markets (7)*, addressed to Mr. Manish Kabra, Principal Officer, IFSC Branch, by IFSCA vide letter dated September 12, 2024, informing about the status of their office during the first two MI or surprise visits.

5. In the letter, the IFSC Branch of the Noticee was advised to comply with the provisions of the Fund Management Regulations and ensure that the office premises are open with physical presence of manpower including Principal Officer and Key Managerial Personnel who are mandated to be based out of IFSC, to effectively discharge its activities, at the earliest and in any case not later than four weeks from the date of the letter i.e., September 12, 2024. Further, the IFSC Branch of the Noticee was advised to be cautious in future and ensure strict compliance with the provisions of the Fund Management Regulations, failing which same shall be subject to stringent actions under the Fund Management Regulations.

6. This said Advisory Letter was scanned and sent through an email dated September 12, 2024, to Mr. Manish Kabra and Mr. Shailendra Sharma (Compliance Officer of IFSC Branch of the Noticee). The IFSC Branch of the Noticee was also advised to collect the physical copy of the Advisory Letter from IFSCA Head office at GIFT IFSC.

7. The IFSC Branch of the Noticee neither collected the physical copy of above-mentioned Advisory Letter from IFSCA nor acknowledged/replied to the IFSCA's email dated September 12, 2024, containing the Advisory Letter.





8. Post completion of the four-week period on October 12, 2024, IFSCA conducted 3<sup>rd</sup> and 4<sup>th</sup> Surprise Visits to the IFSC Branch of the Noticee on October 17, 2024, and October 24, 2024, respectively. The IFSC Branch of the Noticee was again found to be without their manpower including Principal Officer and Key Managerial Personnel on both the above-mentioned visits.

9. Based on the aforementioned facts as well as findings of the visits, the Competent Authority approved initiation of action against the Noticee for non-compliance with the IFSCA (Fund Management) Regulations, 2022.

### **SHOW CAUSE NOTICE AND REPLY**

10. A Show Cause Notice ('SCN') dated February 13, 2025, was issued to the Noticee via e-mail dated February 13, 2025, and Speed Post Acknowledgement Due (SPAD). The SCN was received by the Noticee on February 14, 2025. The allegation against the Noticee as mentioned under the SCN was that the Principal Officer and Key Managerial Personnel were not present in the IFSC Branch of the Noticee during all the four Market Intelligence (MI)/ surprise visits conducted by IFSCA which is in violation of Regulation 7(4) and Regulation 10(1) of the Fund Management Regulations.

11. The Noticee was required to respond within 21 days of receipt of the SCN, as to why appropriate actions should not be initiated for the alleged violations committed. The IFSCA received an e-mail on March 07, 2025, from Mr. Manish Kabra, Principal Officer of the IFSC Branch of the Noticee. Through the said e-mail, the IFSC Branch of the Noticee has submitted their response to the SCN.

12. The point wise response of the IFSC Branch of the Noticee is mentioned in brief below:

a) The IFSC Branch of the Noticee gave following reasons behind the absence of personnel during the visits carried out by IFSCA Officials:

- i. Last date for filling tax returns for certain individuals
- ii. Floods and rainfall in Gujarat during the relevant dates



- b) The IFSC Branch of the Noticee states that the absence was due to unavoidable circumstances mentioned above. Besides, absence on 17th and 24th October 2024 was due to a planned leave of their personnel, and a holiday leave respectively.
- c) The IFSC Branch of the Noticee has also submitted that it is undertaking pooling funds activities from various investors, and since the tax and regulatory regime is relatively new for investors in IFSC compared to prevailing jurisdictions, more efforts were required from the Principal Officer and Key Managerial Personnel engaged in the process of fund raising. Thus, they were not available at their IFSC Branch.
- d) The IFSC Branch of the Noticee further submitted that they had raised funds under several IFSCA approved Funds and were committed towards growth of fund management ecosystem at GIFT City.
- e) The IFSC Branch of the Noticee also submitted that they have initiated corrective measures in response to the Advisory Letter issued by IFSCA.
- f) Based on the aforementioned submissions, the IFSC Branch of the Noticee requested that no further actions or inquiry be taken by IFSCA.
- g) Further, the IFSC Branch of the Noticee sought an opportunity to present its case in person before any adverse order is passed against them.

### **HEARINGS**

13. After consideration of the response submitted to the SCN, the IFSCA scheduled a personal hearing with the Noticee as well as its IFSC Branch on April 03, 2025. A Hearing Notice was sent to the Noticee as well as its IFSC Branch via email dated March 24, 2025.

14. The Hearing was conducted as scheduled. The following representatives attended on behalf of the Noticee as well as its IFSC Branch:





- a) Riyaz Ladiwala, Managing Director - Technology & Strategic Initiatives of Neo Investment Value Advisors Private Limited
- b) Prerna Soni, Director of Neo Asset Management Private Limited
- c) Shailendra Sharma, Compliance Officer, NEO Asset Management Private Limited (IFSC Branch)
- d) Manish Kabra, Principal Officer, NEO Asset Management Private Limited (IFSC Branch)

15. In the Hearing, the Authorised representatives of the Noticee as well as its IFSC Branch reiterated the submissions made in response to the SCN. Furthermore, they claimed that they would maintain strict compliance with the requirements under the applicable IFSCA regulations.

16. Further, the Authorised representatives of the Noticee as well as its IFSC Branch informed that they have initiated the corrective measures such as mandating full presence of the Principal Officer and Key Managerial Personnel at the IFSC Branch of the Noticee.

17. The IFSCA via email dated April 04, 2025, directed the representatives of the Noticee as well as its IFSC Branch to submit documents in support of their claims by April 11, 2025.

18. The Noticee as well as its IFSC Branch via email dated April 11, 2025, submitted the relevant documents in proof. The documents submitted were:

- a) Offer for employment provided for the post of senior manager at IFSC Branch of the Noticee.
- b) Marketing Material and Collateral used by IFSC Branch of the Noticee to promote GIFT IFSC.
- c) Invoices for purchase of IT Equipment and software for the IFSC Branch Office of the Noticee.



19. Along with the above-mentioned documents, the Noticee and its IFSC Branch submitted that they are fully committed towards growth of fund management ecosystem at IFSC/GIFT City. In addition, the IFSC Branch of the Noticee submitted that they are in compliance with the requirements pertaining to periodical filings and fee payment to IFSCA.

20. Further, they have reiterated that they will ensure full time physical presence of the Principal Officer and Key Managerial Personnel at the IFSC Branch of the Noticee in compliance with the IFSCA (Fund Management) Regulations.

### **CONSIDERATION OF ISSUES AND FINDINGS**

21. The main issue for consideration in the instant matter is whether the IFSC Branch of the Noticee has not followed the directions issued by IFSCA and continued to act in contravention of the regulatory requirements laid down under the IFSCA (Fund Management) Regulations, 2022.

### **Reference to relevant provisions of Law violated:**

22. Before proceeding further, it would be expedient to refer to the relevant extract of the provisions of the IFSCA (Fund Management) Regulations, 2022 involved in the matter i.e., which are reproduced herein below:

a) **Regulation 7(4)**

*"The applicant shall ensure that the aforementioned **principal officer and other KMPs** provided under sub-regulations (2) and (3) **shall be based out of IFSC...**"*

b) **Regulation 10(1)**

*"The entity has the necessary infrastructure like adequate office space, equipment, communication facilities and **manpower** to effectively discharge its activities under these regulations and circulars issued thereunder. The infrastructure requirements should be commensurate to the size of its operations in IFSC."*





## **OBSERVATIONS**

23. After consideration of findings of the Market Intelligence/ Surprise visits reports, the SCN, the response submitted by the IFSC Branch of the Noticee to the SCN, the submissions during the Hearing, and documents submitted post Hearing, the observations of the IFSCA are outlined below:

- a) Regulation 7(4) of the IFSCA (Fund Management) Regulations, 2022 clearly mandates that the Principal Officer and other Key Managerial Personnel ***shall*** be based out of IFSC. The IFSC Branch of the Noticee being granted registration under the aforementioned regulations was under an obligation to ensure compliance with the same.

During the MI/ Surprise visits on July 31, 2024, August 21, 2024, October 17, 2024, and October 24, 2024, the office of the IFSC Branch of the Noticee was found closed and the Principal Officer and other KMP were not present.

- b) The IFSCA notes that the IFSC Branch of the Noticee has initiated the corrective measures such as mandating full presence of the Principal Officer and Key Managerial Personnel at the IFSC Branch of the Noticee.
- c) The IFSCA also notes the offer for employment provided to a candidate for the post of senior manager at the IFSC Branch of the Noticee, showcasing steps taken by the IFSC Branch of the Noticee to appoint personnel commensurate *to the size of its operations in IFSC*.
- d) The IFSC Branch of the Noticee also submitted invoices in relation to purchase of IT equipment to be deployed in its office premises to effectively discharge its activities.

In light of the aforementioned observations, though the IFSC Branch of the Noticee has failed to comply with Regulation 7(4) and Regulation 10(1) of the IFSCA (Fund Management) Regulations, 2022, the IFSCA notes that the IFSC Branch of the Noticee has taken corrective measures. In view of the above, cancelling the Certificate of Registration granted or imposing monetary penalty in the present

matter, will be a measure disproportionate to the violations committed by the IFSC Branch of the Noticee.

## **ORDER**

24. In view of the foregoing, the IFSCA, in exercise of the powers conferred in terms of Regulation 143 of the IFSCA (Fund Management) Regulations, 2022 read with Sections 12 & 13 of the IFSCA Act, 2019 r/w Section 11B of the SEBI Act, dispose of the present proceedings with a **Warning** to the Noticee as well as the IFSC Branch of the Noticee, to be careful in future with regard to compliances under Regulation 7(4) and Regulation 10(1) of the IFSCA (Fund Management) Regulations, 2022 or the extant Fund Management Regulations. **Repetition of any of these violations shall be treated as a matter of serious concern and will result in initiation of stringent action as deemed appropriate under the provisions of IFSCA Act and applicable regulations etc.**

25. The Order comes into force with immediate effect.

26. A copy of this order shall be served upon the Noticee.

27. The present proceedings are disposed herewith.



02/05/2025

**DEBABRATA DAS**  
**HOD-IN-CHARGE**

**DIVISION OF ENFORCEMENT**

**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY**



Date: May 02, 2025

Place: Gift City, Gandhinagar